

**SECRET**

10 SEP 1955

25X1A

**MEMORANDUM FOR:** Chief, [REDACTED]

**SUBJECT** : Communist China's Involvement in the  
Illicit Opium Trade

**REFERENCE** : Memo to AD/RR from Acting Chief,  
[REDACTED] dated 1 September 1955

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1. In response to the request contained in the referenced memorandum, there is attached hereto a report upon the subject as prepared by this office. There is an all-source supplement to the attached which will be transmitted to you via other channels, contemporaneously with the delivery of this report.

2. As you are aware, the delay in completing this study was occasioned by our awaiting the results of requirements heretofore initiated in the interests of producing a comprehensive study. While this report has not been coordinated with other Federal agencies concerned with the smuggling of narcotics, I believe that you will find it to be a satisfactory examination of the subject. The publication of this study as an ORR finished intelligence report is now under consideration and, should it be so decided, publication will be preceded by coordination among interested agencies.

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[REDACTED]  
**OTTO E. GUTHE**  
Assistant Director  
Research and Reports

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St/PC: [REDACTED]cnb

**Distribution:**

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0 & 1 Addressee

2 - AD/RR

2 - St/PC

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*471 attached (Special Supplement  
attached + all  
forwarded via  
SC 052321-6*

to: A.Ch/E  
fm: St/PR

1. S/TF wants to send out the original and one to DDP right away, the remainder to go to St/PB for publication as a PR.

2. The paper looks carefully done, and its subject matter and thesis appear ~~im~~important enough to warrant being made into a PR. ~~IX~~ Probably will need someSection tightening up in the editorial process; particularly ~~Part~~ II, which contains the real kicker. For example:

a. p.7: more extensive treatment, with pertinent extracts from the CC press, on Red China's anti-opium campaign, would make a stronger case;

b. pp.7-8: the paper deals almost exclusively with Yunnan in speaking of Chinese production; does not mention other producing areas in China, or why they are unimportant, if they are; only says (p.7) there is lack of reliable reports on extensive production of opium in China

c. p.9: the insignificance of Yunnan's opium trade is discussed in terms of its value (\$300,000) to the producers, the apparent implication being that so small a trade would not ~~XXXXXXXXXXXXXXXXXXXX~~ be of interest to the CC Govt as a source of revenue. ~~XXXXXXXXXXXXXXXXXXXX~~ This point ~~IX~~ could stand a little longer & clearer treatment, possibly including a comparison of Yunnan's volume of production ~~XXXXXX~~ -- (20 tons p.a.) -- with world production.